

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Friday 21 July 1978 CG NIDC 78/169

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NATIONAL SECURITY INFORMATION

Unauthorized Disclosure Subject to Criminal Sanctions

State Dept. review completed

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DIA review(s) completed.

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National Intelligence Daily Cable for Friday, 21 July 1978.

The NID Cable is for the purpose of informing senior US officials.

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EGYPT: Announcement Tomorrow

25X1 [] Egyptian President Sadat is scheduled to make his widely heralded "surprise" announcement tomorrow in a speech commemorating the July 1952 revolution. Anxious to silence charges that he has retreated from his policy of political liberalization, Sadat is likely to unveil plans for a new political structure. Few sophisticated Egyptians will be persuaded of his sincerity, however, unless he goes well beyond the structural changes that are rumored to be in the offing. Although Sadat and his colleagues have said the "surprise" will pertain only to domestic matters, he has hinted that the status of peace negotiations may also be covered in his speech.

25X1 [] Sadat has been disturbed by criticism--particularly in the US--over his recent political crackdown and would like to counteract the impression that he arbitrarily controls political activity. At the same time, he seems determined to mute internal opposition to his negotiating strategy with Israel and his domestic stewardship.

25X1 [] Pursuit of these seemingly contradictory objectives has led him to consider several formulas, ranging from introducing an "American-style" presidential system with a bicameral legislature and two political parties to simply changing the ground rules and personalities in the current multiparty parliamentary system.

25X1 [] We are not sure how sweeping the changes will be, although most sources report that the unpopular Prime Minister Salim will be sidelined and that Sadat will either assume the post himself or abolish it. The nationwide "dialogue" initiated by Sadat on a new code of political ethics--which has been met with great apathy--will probably result in greater government discipline of opposition parties and their press.

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[] Sadat may well use the code as a pretext for reconstituting and assuming direct leadership of the current centrist party, which is widely regarded as weak and undisciplined. The form and number of additional parties permitted under the new system will be of little consequence in the short term as long as the President's most articulate critics remain barred from political activity.

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[] Sadat probably will play up guarantees of personal freedoms, which may indeed be enhanced, but public debate and those who stimulate it--most notably former Nasir confidant Mohammed Haykal on the left and old-line leaders of the rightist New Wafd Party--are likely to remain outside the acceptable "code."

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[] In addition to seeking to refurbish his image, Sadat may want to put Egypt's political house in order so it can better withstand the tensions that would result from the collapse of his Jerusalem initiative or the advent of a delicate phase in peace negotiations. In an interview with CBS early this month, Sadat implied that the organization of Egypt's internal affairs could not be separated from the prospects for peace negotiations. It would thus not be surprising if he used the anniversary celebrations and the unveiling of his domestic plans to discuss the direction of peace initiatives. []

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CHINA-JAPAN: Friendship Treaty

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[] *Negotiations between China and Japan on the Peace and Friendship Treaty, which have proceeded intermittently for the past three years, resumed today in Peking. Working-level delegations will attempt to reach agreement on the implicitly anti-Soviet "antihegemony" clause, the main stumbling block to the conclusion of the treaty, but both sides appear unwilling to compromise on the issue.*

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[] Inclusion of the antihegemony clause in the treaty is of paramount importance to China because it would associate Japan with China's anti-Soviet foreign policy. Peking has repeatedly rejected Tokyo's proposals to play down the anti-Soviet connotations of the clause and has shown no indication that it will accept a compromise.

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[] For its part, Japan is still searching for a qualifying formulation acceptable to Peking. Japanese Foreign Ministry

officials are said to hope China will agree to Tokyo's making a statement after the treaty is signed, offering a Japanese "interpretation" of the clause. Whether Foreign Minister Sonoda travels to Peking late this month to strike such a bargain will, however, depend on some progress in the talks that began today.

LEBANON: Ceasefire Takes Hold

The two-week-old cease-fire in Beirut is still holding. Lebanese forces continue to move into positions near the Christian sectors.

Damascus seems to be searching for Lebanese allies against the Christian militias.

Mortar and small-arms fire and occasional bombings continue. Isolated Christian snipers apparently are causing five or six Syrian casualties per day. The Lebanese Army and police were ordered into the port area early this week to serve as a buffer between Syrian forces and Christian militiamen. The Syrian-dominated Arab Deterrent Force remains responsible for security in the predominantly Muslim sectors of western Beirut.

Dory Shamun, son of Christian National Liberal Party leader Camille Shamun, told the US defense attache this week that he expects renewed fighting within a few weeks. The attache noted that many Christians are leaving Beirut, and his sources report that Christian militiamen are setting up fortifications and new mortar positions.

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[REDACTED] //Syrian soldiers in Beirut are reported to be "dispirited," and the Syrian leadership is eager to avoid costly street fighting if another round of clashes develops. The Syrians seem resigned to the likelihood of new fighting and are preparing to respond as they did in the most recent round--with heavy artillery and rocket fire into the Christian areas. The Syrians continue to maintain that they will not initiate the fighting, but they apparently are becoming increasingly frustrated over the Christian sniper fire.//

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[REDACTED] The US Embassy in Damascus reports that the Syrians seem interested in forming a coalition of Lebanese factions opposed to the Christian militia groups. Many prominent Lebanese politicians--including leftist Druze leader Walid Jumblat--have recently visited Damascus, apparently to discuss the Syrian proposal. Jumblat and former Lebanese President Franjiyah, a Christian, would form the basis of the Syrian-backed front.

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[REDACTED] Past Syrian attempts to form broad Lebanese fronts have failed because the different groups have few common political interests and are united only by a dislike for the militias. Many are as suspicious of Syria as they are of the militias.

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NIGERIA: Major Military Shuffle

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[REDACTED] //Nigerian Head of State Obasanjo has implemented plans announced last week for a limited disengagement of the armed forces from the government by reassigning officers who have been serving as military governors and federal cabinet members. These changes have been accompanied by a sweeping shuffle of the military hierarchy. The public and press have lauded the actions as underscoring the military's commitment to civilian rule.

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[REDACTED] //The Army announced on Monday that the country's 12 state military governors and four of the seven officers serving as federal cabinet ministers were being given new military postings. The governors have been replaced by middle-grade

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officers, who will act both as state administrators and as garrison commanders. Three senior officers who have long been disgruntled over their status in the regime retain cabinet posts, but they will be forced to retire from the military with the scheduled establishment of civilian rule next year. Civilian ministers must resign by 24 July if they plan to enter politics.//

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[] There has also been a major reshuffling of senior officers in military slots. It is unclear whether Army Chief of Staff Danjuma and Police Inspector Yusufu, who remain in their jobs, will retire next year. Some informed Nigerians regard Danjuma as one of the few officers with sufficient stature to keep the Army out of politics under civilian rule.

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[] The press has hailed the changes, saying they emphasize the military's intent to hand over power to civilians. Commentators have stressed that it is now up to aspiring politicians to ensure a successful return to civilian rule. []

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BRIEFS

USSR-China

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[] the Soviets have nominated I. S. Shcherbakov as Ambassador to Peking. Shcherbakov was in charge of China affairs in the Central Committee's section for liaison with Communist parties of socialist

countries in the late 1950s. He served as minister-counselor of the Soviet Embassy in Peking in the early 1960s, and was Ambassador to North Vietnam in the early 1970s. He is now deputy chief of the Central Committee's department for cadres stationed abroad and is a member of the Central Auditing Commission.

25X1 [] Unlike his predecessor, V. S. Tolstikov, Shcherbakov
25X1 is not a member of the Central Committee. His selection could
be an indication of Moscow's pessimism regarding relations with
Peking. []

25X1 Peru

25X1 [] Peru has reportedly reached a preliminary accord
with the International Monetary Fund for a new standby loan to
replace a previous agreement that collapsed in March. A final
agreement could come as early as next month.

25X1 [] The relatively speedy negotiations contrast sharply
with last year's protracted exercise, reflecting the military
government's acute awareness that it faces certain default on
foreign obligations by autumn without a new IMF accommodation.
The accord was also facilitated by scrupulous administration of
austerity measures imposed in May, and by the government's suc-
cess in gaining domestic support for austerity through the
granting of increased civilian authority. []

Uganda

President Amin's government has begun making payments on overdue bills to the international companies that supply Uganda's oil, according to a source of the US Embassy in Nairobi. The move is a capitulation to the oil companies, which were refusing to make any more deliveries until arrearages were settled. The companies reportedly had little difficulty in negotiating a new agreement, and deliveries were resumed on 13 July at 75 percent of normal levels.

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Nicaragua

The one-day national work stoppage in Nicaragua on Wednesday produced little violence beyond two deaths in cities outside the capital. It was less effective than the general strike last January, which closed 80 percent of Managua's businesses. Since public outrage over the murder in January of opposition leader Chamorro began to wane, the splintered anti-Somoza forces have been in need of some new unifying cause. They are not likely to have found one in Wednesday's inconclusive strike.

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